

## NULLAGINE JOINT VENTURE AND COST GUIDANCE UPDATE

### HIGHLIGHTS

- **NJV successfully ramped up to an annualised run-rate of 6Mtpa during November 2014**
- **FY15 NJV sales guidance reaffirmed at 5.2-5.6M wmt**
- **Sustainable C1 cash cost savings of \$2-3 per wmt identified**
- **Ongoing additional cost saving initiatives being implemented**
- **Cost guidance for the remainder of FY15 revised to A\$47-51 per wmt (FOB) for NJV C1 cash costs and A\$54-61 per wmt (FOB) for BC Iron all-in cash costs**

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BC Iron Limited (ASX:BCI) (“BC Iron” or the “Company”) is pleased to provide an update in relation to the Nullagine Joint Venture (“NJV”), a 75:25 joint venture between BC Iron and Fortescue Metals Group Limited (“Fortescue”).

As announced in August 2014, the NJV encountered additional clays in discrete areas of certain mesas, which affected production and costs in the September quarter. A number of operational adjustments were subsequently implemented to manage this going forward.

BC Iron is now pleased to report that these adjustments have benefited operations as expected, and the NJV successfully ramped back up to an annualised run-rate of 6 million tonnes per annum during November 2014. Further, development of the Warrigal 1 and 2 mesas within the mine plan (which are not expected to have material occurrences of these clays), is also progressing well with these mesas to start contributing ore in the March 2015 quarter. BC Iron reaffirms the NJV’s FY15 sales guidance of 5.2-5.6M wet metric tonnes (“wmt”).

In light of the current challenging environment for iron ore, BC Iron has been focused on reducing costs both at the NJV and the Company’s head office. Key measures implemented include proactive assessment of the mine plan, the termination of a higher cost road haulage contract, termination of a number of consultancy contracts, prudent management of all contractors and consultants, and redundancies at site and head office. As previously announced, three Non-Executive Directors have also resigned and the remaining Non-Executive Directors have agreed to a 10% reduction in fees.

These measures are expected to deliver sustainable cost savings of \$2-3 per wmt, allowing NJV C1 cash cost guidance for the remainder of FY15 (December to June) to be revised to \$47-51 per wmt (FOB).

BC Iron will continue to implement further cost saving initiatives, including a potential decrease in near term strip ratios through deferral of higher strip ratio mesas and the tendering of a discrete mining contract for the Warrigal hub.

As a result of these cost savings and lower prevailing iron ore prices, BC Iron has revised its all-in cash cost guidance to \$54-61 per wmt (FOB) for the remainder of FY15 (note: all-in cash costs include C1 cash costs plus royalties, marketing and corporate costs).

The Company also advises that it has further reduced FY15 NJV capital expenditure, with BC Iron's share now estimated at \$13-16M. This represents an overall reduction of approximately \$10M compared to the original guidance range for BC Iron's share of \$23-26M.

BC Iron Managing Director, Morgan Ball, said: *"We are pleased to report our mine at Nullagine is once again performing strongly and we are seeing the results of the operational initiatives that we have implemented in recent months.*

*"We have had to make a number of tough business decisions recently, but our strong focus on reducing operating costs and capital expenditure is a critical part of managing our business in the current iron ore price environment."*

**- ENDS -**

**FOR FURTHER INFORMATION:**

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## ABOUT BC IRON LIMITED

BC Iron is an iron ore mining and development company with key assets in the Pilbara region of Western Australia, including the Nullagine Joint Venture (NJV), Buckland and Iron Valley. BC Iron is listed on the ASX under the code 'BCI' and is a member of the S&P/ASX 200 Index.

The NJV is an unincorporated 75:25 joint venture with Fortescue Metals Group Limited, which commenced exports in February 2011. The NJV utilises Fortescue's infrastructure at Christmas Creek, 50km south of the Nullagine mine, to rail up to 6Mtpa of ore to Port Hedland from where it is shipped directly to customers overseas.

Buckland is a development project located in the West Pilbara region. It has Ore Reserves of 134.3 Mt at 57.6% Fe, a completed and announced feasibility study, its own proposed infrastructure solution comprising a haul road and transshipment port at Cape Preston East, and all primary tenure and licences secured. BC Iron is currently evaluating all options to determine the optimal development and financing path for Buckland.

Iron Valley is a near production mine with Ore Reserves of 134.7 Mt at 58.5% Fe, that is being developed and operated by Mineral Resources Limited under a mine gate sale agreement.

BC Iron also has an interest in a number of other earlier stage projects in the Pilbara, royalties over the Koodaideri South and North Marillana tenements, and is earning into two greenfields exploration projects in Brazil via a 50:50 alliance with Cleveland Mining Company Limited.

## KEY STATISTICS

<b>Shares on Issue:</b>	196.2 million	
<b>Board:</b>	Tony Kiernan	Chairman and Non-Executive Director
	Morgan Ball	Managing Director
	Andy Haslam	Non-Executive Director
	Brian O'Donnell	Non-Executive Director
	Terry Ransted	Non-Executive Director
	Anthea Bird	Company Secretary
	Hayley McNamara	Company Secretary
<b>Major Shareholders:</b>	Wroxby Pty Ltd	19.0%

Website: [www.bcion.com.au](http://www.bcion.com.au)